

Commerce P.M.~~SECRET~~

SECURITY INFORMATION

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SEP 13 1952

Chairman, Project Review Committee

Deputy Director for Intelligence

Assistant Director for Research and Reports

CIA: Request for Approval of Funds

1. Problem:

To provide funds for the joint financing, with the Office of the Director for Mutual Security, of the Department of Commerce Project "Trade Between the Free World and the Soviet Bloc."

2. Assumptions:

That the Office of International Trade, Department of Commerce, is properly staffed to provide to ORR the statistical data on the reference project at a minimum cost to CIA.

That the statistical data provided is a necessary basic requirement to the proper fulfillment of the ORR responsibility for following trade and payments by both Bloc countries and the Free World.

3. Facts:

The first objective of the Trade & Finance Branch, Services Division, ORR, is to provide strategic intelligence on Sov Bloc trade and finance. The statistical data being provided by the Office of International Trade under reference project is basic to this objective.

Attachment No. 1, copy of a memorandum dated 6 February 1952 from the Trade & Finance Branch to the Assistant Director, ORR, Attachment No. 2, copy of the Assistant Director's memorandum to Kenneth Hansen, MSA, and Attachment No. 3 titled "Estimated Budget Breakdown of the Free World-Soviet Bloc Trade Analysis Projects" with covering letter from Karl Anderson to Admiral Dupre provides background information for the Commerce request for financial support.

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It was subsequently agreed verbally that the Office of the Director for Mutual Security would pay the entire amount due to support the project for fiscal 1952 and that cost for 1953 would be supported in accord with such subsequent agreement as was made between interested recipients of the information furnished under the project. Attachment No. 4 indicates the detail costs of the needed support. CIA portion of this cost under present arrangements is \$56,500.

IV. Discussion:

To date, as a result of meetings held early in 1952 with Commerce, State, and MSA, the State Department has issued Reporting Circular No. 34, which has had the effect of improving statistical reporting to better meet the intelligence demands of CIA for trade data. The Office of International Trade has been compiling the data received from the field in convenient form for CIA consumption. With the OIT organization already in operation, the Department of Commerce is in a position to undertake the required work far more economically than could CIA. It is felt that by supporting the project CIA will be in a better position to indirectly control and guide Commerce with respect to the types of statistical data reported.

ORR has budgeted for fiscal 1953 and 1954 to provide support for external research. It would be expected that the amount needed to support the OIT project would be charged against these budgeted funds. It should also be noted that this request in no way makes any financial commitment beyond fiscal 1953 although it is expected that there will be a continued need by ORR for the information being supplied by the Commerce Department under the project.

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5. Action Recommended:

a. That the CIA Comptroller be authorized to make necessary payments in support of the project 25X1A1a to the amount of [REDACTED]

b. That the CIA Comptroller be instructed to consult with other recipients of the information and the Department of Commerce relative to financing future costs.

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ROBERT AMORY, JR.